

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

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OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 L-03 SCI-06 FEA-02 INT-08 STR-08 H-03 AGR-20

SS-20 NSC-07 DRC-01 /216 W
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P 172020Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 2733

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E.O. 11652: N/A

TAGS: EGEN, OECD

SUBJECT: OECD MINISTERIAL COUNCIL MEETING MAY 29-30:

TEXT OF DRAFT COMMUNIQUE.

1. SUMMARY. SECGEN HAS ISSUED FIRST DRAFT OF MINISTERIAL
COMMUNIQUE AS CES/74.50. DRAFT WILL BE
DISCUSSED BY COUNCIL MAY 2L.

AS IN PAST, IT IS PLANNED THAT COMMUNIQUE DRAFTING
GROUP WILL BE SETUP AT OUTSET OF MINISTERIAL MEETING
TO PUT COMMUNIQUE IN SHAPE FOR ADOPTION BY MINISTERS.
TEXT OF DRAFT SET FORTH BELOW IN PARA 2.

2. BEGIN TEXT.

1. THE COUNCIL OF THE O.E.C.D. MET AT MINISTERIAL
LEVEL IN PARIS ON 29TH AND 30TH MAY, 1974, UNDER THE
CHAIRMANSHIP OF MR. ANTONIO GIOLITTI, MINISTER FOR THE
BUDGET AND ECONOMIC PLANNING OF ITALY.

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THE PROBLEMS

2. AFFIRMING THE DETERMINATION OF THEIR GOVERNMENTS TO KEEP EMPLOYMENT AT SATISFACTORY LEVELS, MINISTERS IDENTIFIED THREE MAIN AREAS IN WHICH COORDINATED POLICIES ARE NECESSARY.

THE WIDESPREAD INFLATION, WHICH HAD ALREADY REACHED SERIOUS PROPORTIONS, WITH THE GENERAL RISE OF COMMODITY PRICES, HAS NOW BEEN AGGRAVATED BY THE HIGHER PRICES OF IMPORTED OIL.

THE INTERNATIONAL PAYMENTS SITUATION HAS BEEN RADICALLY ALTERED BY THE OIL PRICE INCREASES, WITH MOST O.E.C.D. COUNTRIES MOVING INTO SUBSTANTIAL DEFICIT ON CURRENT ACCOUNT.

CERTAIN DEVELOPING COUNTRIES, IN WHICH A LARGE PROPORTION OF THE WORLD'S POOREST POPULATION IS CONCENTRATED, ARE FACING A GRIEVOUSLY WORSENERD FINANCIAL POSITION.

3. GOVERNMENTS ARE RESOLVED TO APPROACH ALL THESE PROBLEMS JOINTLY AND SIMULTANEOUSLY, AND MINISTERS EMPHASIZED THEIR DETERMINATION TO DEVELOP A COHERENT SET OF MEASURES TO THIS END. IN PARTICULAR, THEY RECOGNIZE THAT NO LASTING SOLUTION TO THEIR INDIVIDUAL PROBLEMS OF INTERNAL AND EXTERNAL BALANCE CAN BE FOUND IN ACTION WHICH SERVES ONLY TO SHIFT THE PROBLEMS ACROSS FRONTIERS.

THE RESPONSE

4. INFLATION. MINISTERS, RECOGNIZING THAT IN ALL O.E.C.D. COUNTRIES THE PRESENT RATES OF INFLATION CONSTITUTE A THREAT TO ECONOMIC AND SOCIAL PROGRESS, EMPHASIZED THE PARTICULAR IMPORTANCE THEIR GOVERNMENTS ATTACH TO OBTAINING SIGNIFICANT RESULTS FROM THE FIGHT AGAINST RISING PRICES AFTER THE DISAPPOINTING EXPERIENCE OF THE LAST YEAR. CONFIDENT THAT ADEQUATE LEVELS OF ECONOMIC ACTIVITY WILL BE MAINTAINED, AND RESOLVED TO LIMITED OFFICIAL USE

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AVOID POLICIES THAT WOULD TRANSFER UNEMPLOYMENT PROBLEMS FROM ONE COUNTRY TO ANOTHER, THEY AGREED THAT GREAT CARE WAS NEEDED TO AVOID THE RE-EMERGENCE OF EXCESS DEMAND IN THE O.E.C.D. AREA, AND THAT HIGH PRIORITY SHOULD BE GIVEN TO POLICIES DESIGNED TO REDUCE INFLATIONARY EXPECTATIONS. THEY ALSO AGREED THAT THE O.E.C.D. SHOULD EXAMINE ITS ROLE IN THE FIELD OF COMMODITY PROBLEMS, SEEKING TO IDENTIFY POLICIES

CONDUCTIVE TO BETTER STABILITY OF PRICES BOTH OF PRIMARY
AND FINAL PRODUCTS.

5. TRADE AND PAYMENTS POLICY. THE PROBLEM OF
ADAPTING TO THE NEW BALANCE OF PAYMENTS SITUATION IS ONE
WHICH, PARTICULARLY, HAS TO BE TACKLED ON

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AN INTERNATIONAL BASIS. WHILE DETERMINED TO TAKE ALL
APPROPRIATE ACTION TO LIMIT THE SIZE AND DURATION OF
THE WEAKENING OF THEIR CURRENT ACCOUNT POSITIONS THAT
WILL RESULT FOR ALL OF THEM FROM THE RISE IN THE PRICE
OF OIL, O.E.C.D. COUNTRIES ACCEPT THAT, IN THE YEARS
IMMEDIATELY AHEAD, SOME DETERIORATION HAS TO BE
ACCEPTED. CONSCIOUS OF THE DANGER, IN THE PRESENT
SPECIAL CIRCUMSTANCES, OF MUTUALLY-DESTRUCTIVE POLICIES
TO IMPROVE NATIONAL COMPETITIVE POSITIONS, MINISTERS
HAVE, ON BEHALF OF THEIR GOVERNMENTS, ADOPTED THE
DECLARATION ATTACHED TO THIS COMMUNIQUE, AGREEING TO

AVOID, FOR A PERIOD OF ONE YEAR, RECOURSE TO NEW RESTRICTIONS OR TRADE AND CURRENT INVISIBLE TRANSACTIONS AND THE ARTIFICIAL STIMULATION OF EXPORTS. IT IS ALSO RECOGNIZED THAT, DESPITE APPROPRIATE ADJUSTMENT POLICIES, EXTERNAL FINANCIAL DIFFICULTIES MAY, FROM TIME TO TIME, BE EXPERIENCED BY INDIVIDUAL MEMBER COUNTRIES, BUT NOT BY O.E.C.D. COUNTRIES AS A WHOLE. THE DECLARATION, THEREFORE, ALSO EXPRESSES THE AGREEMENT OF GOVERNMENTS LIMITED OFFICIAL USE

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TO COOPERATE FULLY TO FACILITATE SUCH FINANCING, AND THEIR READINESS TO CONSIDER APPROPRIATE ARRANGEMENTS WHICH MAY PROVE NECESSARY IN THIS RESPECT.

6. IN ADDITION, MINISTERS REAFFIRMED THEIR SUPPORT FOR THE MULTILATERAL TRADE NEGOTIATIONS IN THE FRAMEWORK OF THE GATT, STRESSING THEIR HOPE THAT THE NECESSARY AUTHORITY FOR THIS PURPOSE WOULD BE RAPIDLY OBTAINED, AND UNDERLINED THE IMPORTANCE OF ACTIVELY PURSUING PREPARATORY WORK FOR THESE NEGOTIATIONS.

7. MINISTERS, DIRECTED THE ORGANIZATION TO CONTINUE, AS A MATTER OF URGENCY, ITS WORK AIMED AT BROADENING AND INTENSIFYING INTERNATIONAL COOPERATION IN ISSUES RELATED TO INTERNATIONAL INVESTMENT AND THE ACTIVITIES OF THE MULTINATIONAL ENTERPRISE.

8. DEVELOPMENT ASSISTANCE. MINISTERS WHOSE COUNTRIES ARE MEMBERS OF THE DEVELOPMENT ASSISTANCE COMMITTEE REAFFIRMED THEIR INTENTION AT LEAST TO MAINTAIN PRESENT PLANS FOR TOTAL OFFICIAL DEVELOPMENT ASSISTANCE AND TO MAKE ALL POSSIBLE EFFORTS TO INCREASE THE AGGREGATE FLOW OF SUCH ASSISTANCE IN FUTURE YEARS. MINISTERS ALSO STATED THEIR READINESS TO CONTRIBUTE IN A CONSTRUCTIVE WAY TO THE FOLLOW-UP WORK OF THE SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY ON RAW MATERIALS AND DEVELOPMENT. THEY EXPRESSED THE HOPE THAT THE AID EFFORTS OF THE DAC MEMBERS WILL BE SUPPLEMENTED BY CORRESPONDING EFFORTS BY OTHER COUNTRIES IN A POSITION TO DO SO.

9. MINISTERS EXPRESSED CONCERN AT THE ACUTE ECONOMIC PROBLEMS OF CERTAIN DEVELOPING COUNTRIES WITH LOW PER CAPITA INCOME. THOSE GOVERNMENTS WHO ARE MEMBERS OF THE DEVELOPMENT ASSISTANCE COMMITTEE ARE PREPARED TO UNDERTAKE SPECIAL EFFORTS TO PROVIDE THESE COUNTRIES WITH RELIEF ASSISTANCE AMOUNTING IN TOTAL TO SOME \$1.5 BILLION OVER THE NEXT EIGHTEEN MONTHS. THESE EFFORTS WILL TAKE SUCH FORMS AS SPECIAL AID FOR ESSENTIAL IMPORTS, AND ADDITIONAL FOOD, FERTILIZERS AND

DEBT RELIEF, ON A CASE-BY-CASE BASIS. IT WAS AGREED
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THAT SHIPMENTS OF FERTILIZERS TO DEVELOPING COUNTRIES
WITH URGENT NEEDS SHOULD AT LEAST BE MAINTAINED AND
THAT, THROUGH FINANCIAL AND TECHNICAL ASSISTANCE,
PRODUCTION OF FERTILIZERS IN DEVELOPING COUNTRIES SHOULD
BE ENCOURAGED.

10. ENERGY. MINISTERS WELCOMED THE PROGRESS
BEING MADE IN THE ORGANIZATION'S LONG-TERM ENERGY
ASSESSMENT. THEY STRESSED THE IMPORTANCE OF OECD'S
WORK IN THE FIELDS OF ENERGY CONSERVATION, ACCELERATED
DEVELOPMENT OF CONVENTIONAL ENERGY SOURCES, EFFICIENT
ENERGY PRICING POLICIES AND CONTINGENCY PLANNING TO
MEET TEMPORARY SHORTAGE SITUATIONS. MINISTERS EMPHA-
SIZED THAT COOPERATION BETWEEN MEMBER COUNTRIES IN THIS
AREA WILL BE OF VITAL IMPORTANCE TO THE ATTAINMENT OF
THE ECONOMIC AND SOCIAL GOALS OF THE OECD COMMUNITY
AND THE WORLD AT LARGE. END TEXT.
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